

Internal Control Evaluation (ICE) Template Instructions

(ICE templates are optional tools to be used in conjunction with the Uniform Compliance Guidelines on Internal Controls for State and Quasi Agencies)

Introduction





Evaluating current agency controls serves as the optimal starting point for developing a successful internal control system. Meaningful and successful evaluations combine input from leadership across the agency, including major department or program areas.

The Internal Control Evaluation (ICE) template incorporates analysis of the internal control system with best practices. Through the evaluation process, management will decide whether internal controls are sufficient or need improvement. If desired, management may use the Control Development Template (CDT) as a guide for developing internal controls.

How to use the ICE template

Best Practice Statements and Questions to Ask. The Best Practice Statements relate to internal control principles and lead up to the Questions to Ask. The questions help management consider the degree to which the system is functioning. The best practice statements and questions to ask are meant to be a flexible starting point for the evaluation of internal control, not an exhaustive list. Management is encouraged to consider additional evaluation questions as needed.

Rating Columns. Management may rate the responses to the Best Practice Statements and Questions to Ask based on the following guidelines:

-  Green: Controls are effective
-  Yellow: Controls need improvement or improvement is in progress
-  Red: Controls are not effective
-  N/A: Controls are not applicable

What Controls are currently in place? If controls receive a green or yellow rating, management may use this column to document what controls are currently in place. This could include references to a standard operating procedure, narrative, flowchart, policy, web page, etc.

Internal Control Evaluation (ICE) Template Instructions (Continued)

Will controls be improved or implemented? If controls receive a yellow or red rating, management will need to decide if those controls will be improved (yellow) or implemented (red). Management will want to perform a risk assessment and cost-benefit analysis to make this determination.

If no, document reason. Management may refer to the risk assessment, cost-benefit analysis, or other information used to determine controls will not be improved or implemented.

If yes, how will this be accomplished? Management will need to consider steps to develop the control. Management may use the control development tool to document the process, or other desired method to document management's plan.

Responsible Person. Management should delegate responsibility to ensure implementation in accordance with management's plan.

Target Completion Date. Management should set a goal for implementation.

Documentation

A copy of the completed ICE, along with any supporting control documentation should be organized and retained electronically. Organizing this information in a logical manner will provide easy access for future updates, revisions, and handling requests from internal or external parties, such as internal or external auditors.

Documentation will vary by agency. The amount of documentation gathered to evidence this evaluation depends on an agency's size, complexity of organizational structure and business activities. Actual documentation may include mission statements, goals, objectives, organization charts, policies, and procedures, etc.

Control Environment Internal Control Evaluation (ICE) Template

(an optional tool to be used in conjunction with the Uniform Compliance Guidelines on Internal Controls for State and Quasi Agencies)

Agency: _____

Evaluator: _____

Date of Evaluation: _____

Control Environment											
					Will controls be improved or implemented? (yellow or red status)						
Best Practice Statements	Questions to Ask	★	▲	●	N/A	What controls are currently in place?(green/yellow status). Describe or Reference SOP	Yes	If no, document reason.	If yes, will the development of controls be documented on the Control Development Tool or other method (describe)?	Responsible Person	Target Completion Date
Principle One: The agency demonstrates a commitment to integrity and ethical values.											
Agency leadership has established a "tone at the top" that has been communicated to and is practiced by executives and management throughout the agency.	Are the Agency mission, goals and objectives effectively communicated to all employees? Where are these principles located? How often are these principles reemphasized to the employees (e.g., annually)?										
Management enforces a formal code or codes of conduct communicating appropriate ethical and moral behavioral standards through policy/training and addresses acceptable operational practices and conflicts of interest. Appropriate disciplinary action is taken in response to departures from such.	Is the State Ethics Code emphasized as an important part of the internal control system? Does the Agency have additional expectations for integrity and ethical values, such as an agency code of conduct? How are the state ethics code and other expectations communicated to employees? Where are they maintained? How are they enforced?										
Principle Two: Agency leadership oversees the internal control system.											
Agency leadership oversees the design, implementation, operation, and continued monitoring of Internal Controls.	Does leadership oversee management's design, implementation, and operation of the internal control system, including the monitoring of internal controls? Who in agency leadership provides oversight of the internal control system?										
Agency leadership independently reviews and discusses the internal control system, emphasizes continuous improvement and resolution.	How often does leadership review and discuss the internal controls? Is the Certification of Internal Controls completed per the requirements of FMC 6.1? Does leadership ensure that risk self-assessment questions are answered timely and accurately when requested by OMB? Does leadership monitor progress on resolution of internal control audit findings?										
Management takes appropriate action when controls are overridden and/or when exceptions to policies and procedures occur. Management reports deficiencies in internal controls to agency leadership.	Is a system in place to identify exceptions to the policies/procedures and how are they resolved? How does management report internal control deficiencies to leadership?										
Principle Three: Management establishes an organizational structure, assigns responsibility, and delegates authority to achieve agency objectives.											
Management has an up-to-date organizational chart which defines the lines of management authority/ responsibility and is shared with employees.	Is the agency structure documented in an organizational chart which defines the lines of management authority/responsibility? Is this organization chart explained and shared with employees?										
Management appropriately assigns authority and delegates responsibility to the proper personnel to deal with organizational goals and objectives.	How is each employee trained to understand their duties and authorities?										

Control Environment

Control Environment						Will controls be improved or implemented? (yellow or red status)					
Best Practice Statements	Questions to Ask	★	▲	●	N/A	What controls are currently in place?(green/yellow status). Describe or Reference SOP	Yes	If no, document reason.	If yes, will the development of controls be documented on the Control Development Tool or other method (describe)?	Responsible Person	Target Completion Date
Management appropriately documents its internal control system. Documentation is required to demonstrate the design, implementation, and operating effectiveness of the internal control system.	How has management documented its internal controls? How does management ensure the controls are implemented and operating as intended?										
Principle Four: Management demonstrates a commitment to attract, develop, and retain competent individuals.											
Management performs required personnel actions including the hiring of most qualified individuals based on skills, knowledge and experience, evidence of integrity and ethical behavior; and performing checks on background, credentials and references of new employees.	When hiring new employees, how does the Agency ensure the most qualified candidates are selected? Are references checked? Are background checks performed? How is this documented?										
Management has identified and defined the tasks required to accomplish particular jobs and fill various positions.	Are meetings held with management to review organizational needs and ensure necessary positions are filled, and additional positions are created when needed? Are job descriptions maintained and reviewed annually with all employees?										
Employees receive/obtain information and training about internal controls, as it pertains to one's position, role, and responsibilities to maintain and improve their competence for their jobs and enable each employee to contribute effectively to maintaining an effective internal control system.	Is training provided to maintain and improve employee competency and enable each employee to contribute effectively to maintaining an effective internal control system? If yes, how often does this training occur?										
Management utilizes methods such as cross-training, strategic hiring practices, detailed procedure documentation, enhanced supervision, etc. to help mitigate the risk associated with sudden or significant changes in key personnel.	Do detailed procedures or policies exist to cross-train employees or transition other employees into key roles in case of sudden changes in key personnel?										
Principle Five: Management evaluates performance and holds individuals accountable for their internal control responsibilities.											
Management enforces accountability of all individuals, including all agency personnel as well as all service organizations, by designating their internal control responsibilities, including responsibilities related to compliance with laws and regulations.	Does management enforce accountability of all individuals and service organizations by designating internal control responsibilities, including responsibilities related to compliance with laws and regulations?										
Job performance is periodically evaluated and reviewed with each employee. Appropriate remedial action is taken when performance expectations are not met. Inappropriate behavior is consistently reprimanded in a timely and direct manner, regardless of the individual's position or status.	Does the agency enforce accountability with respect to management, staff, and contractors? Are performance evaluations being conducted on a timely basis to ensure job duties (i.e. reconciliations, reviews) are being performed? What remedial actions are taken when performance is not adequate or inappropriate behavior is reported?										
Excessive pressure on employees is evaluated to ensure they are able to fulfill their assigned responsibilities. Excessive pressures are adjusted by rebalancing workloads, increasing resource levels, or by other methods.	Is excessive pressure placed on management, staff, contractors, etc. to complete tasks and/or their assigned duties? If yes, how do you protect against the related risks of corners being cut, quality diminishing, etc.?										